United States Department of Agriculture

Foreign Agricultural Service

Circular Series

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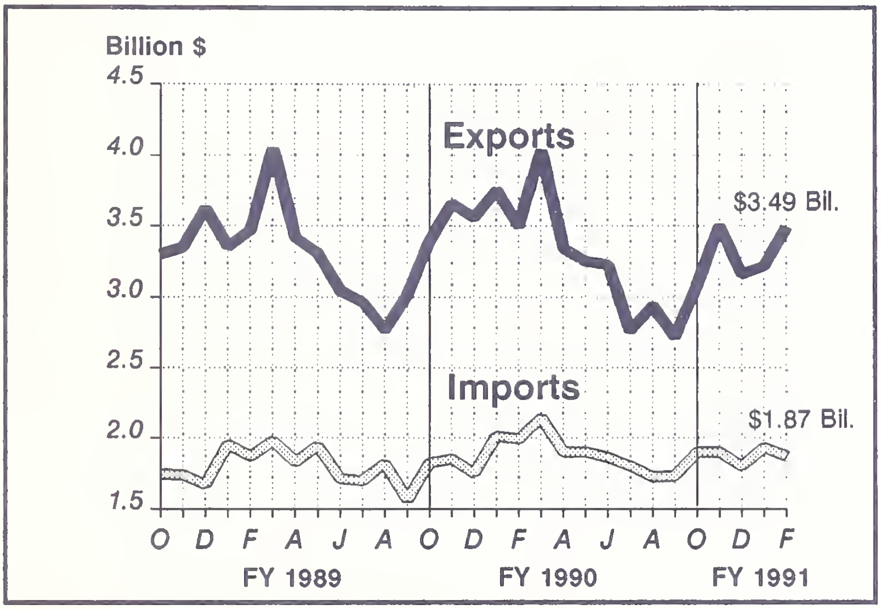
AGRICULTURAL TRADE HIGHLIGHTS

February Exports Unchanged From Year-ago Levels, Imports Fall



February trade statistics released on April 18 by the Commerce Department reported the month's U.S. agricultural export value to be $3.49 billion. This represents an increase of 8 percent from January and no change from year-ago levels. February's performance ended a 5-month trend of year-over-year export decliness. The cumulative export total for fiscal 1991 (October - February) stands at $16.4 billion, down 8 percent from the same period last year. Export volume for February equaled 12.8 million metric tons, up 16 percent from January and better than last February's volume by 1 percent.

The value of wheat exports continued to show a decline from last year's levels, falling by 39 percent. Overall performance by the grain and feed category was down 12 percent, reflecting only moderate declines or outright increases in the export of *feed grains, rice, wheat flour, and feeds and fodders*. Compared to last February, feeds and fodders were up 20 percent in value, rice exports were unchanged, corn fell 3 percent, and wheat flour was down only 5 percent. Export volume for these same commodities either increased or went unchanged. Specifically, wheat flour was up 21 percent, feeds and fodders were up 16 percent, rice was up 14 percent, and wheat was up 4 percent; there was no change for corn. As has been the trend all year, the most significant drop among the major export categories occurred in *soybean oil*, falling 88 percent in value and 91 percent in volume.

Red meats continued to perform well in February in overseas markets, with the value of exports outpacing last year's level by 38 percent. Rounding out the top performers for the month were *cotton* (up 28 percent) and *horticultural products* (up 19 percent). Exports of products within each of these commodity groups have shown impressive growth rates since the beginning of the fiscal year. In fact, horticultural product exports are expected to reach a record $5.5 billion by the fiscal year's end.

Agricultural imports for February equaled $1.87 billion, bringing total fiscal year-to-date imports to $9.35 billion. February's figure is down 10 percent from last year's level and lower than January's imports by 7 percent. This, combined with the month's exports, puts February's *agricultural trade surplus* at $1.6 billion, up $200 million from last February.

Export performance with our top ten agricultural trading partners was mostly up for February, with seven advances and only three declines. Percentage gains were led by Egypt (up 74 percent), Taiwan (up 62 percent), and Hong Kong (up 35 percent). Among the trading partners showing declining sales were the Soviet Union (down 7 percent), Japan (down 6 percent), and South Korea (down 5 percent). In terms of total size, the European Community was the leading market in February, purchasing $719 million worth of U.S. exports, followed by Japan with $682 million, Canada at $331 million, and the Soviet Union with $298 million.

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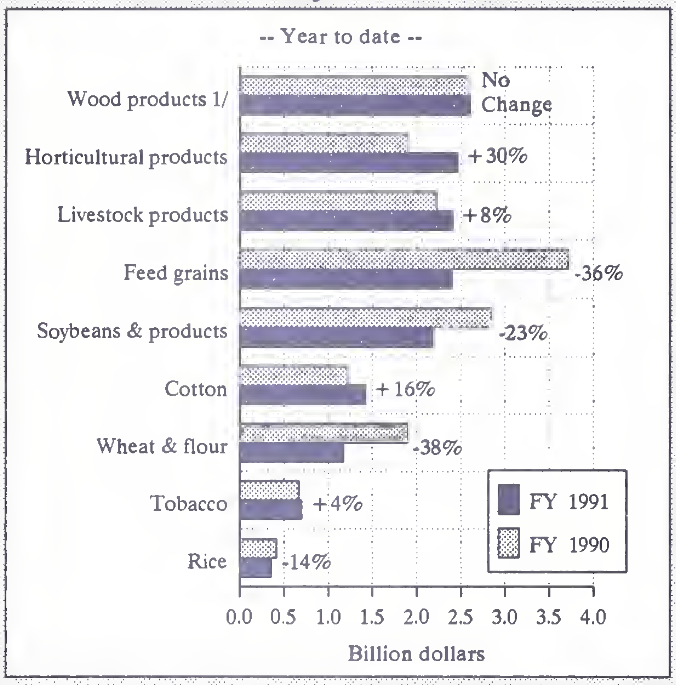
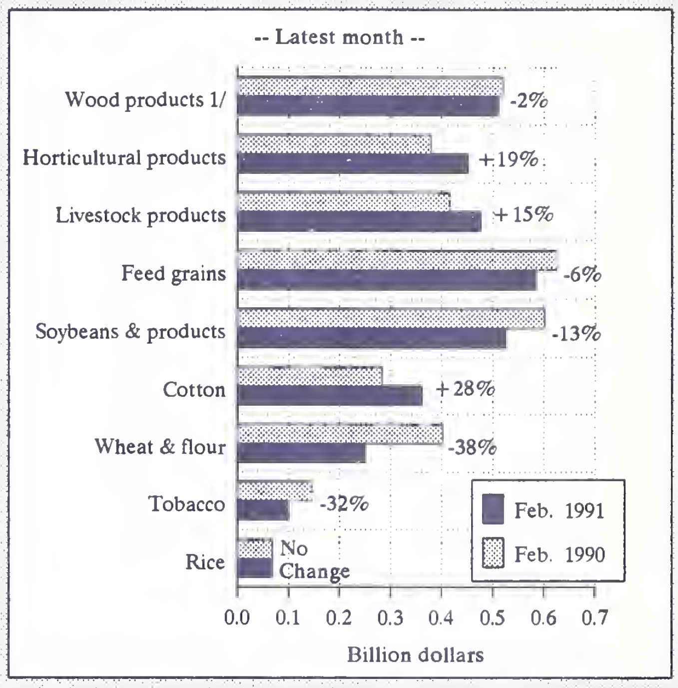
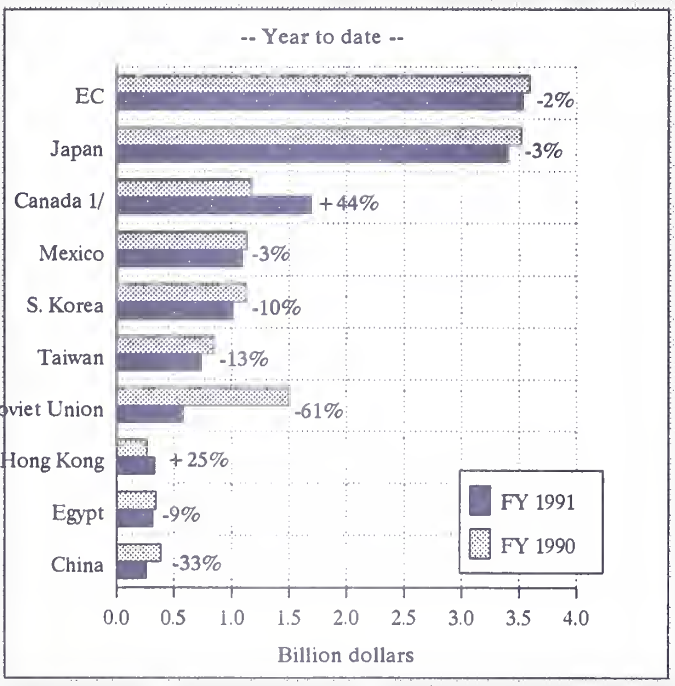
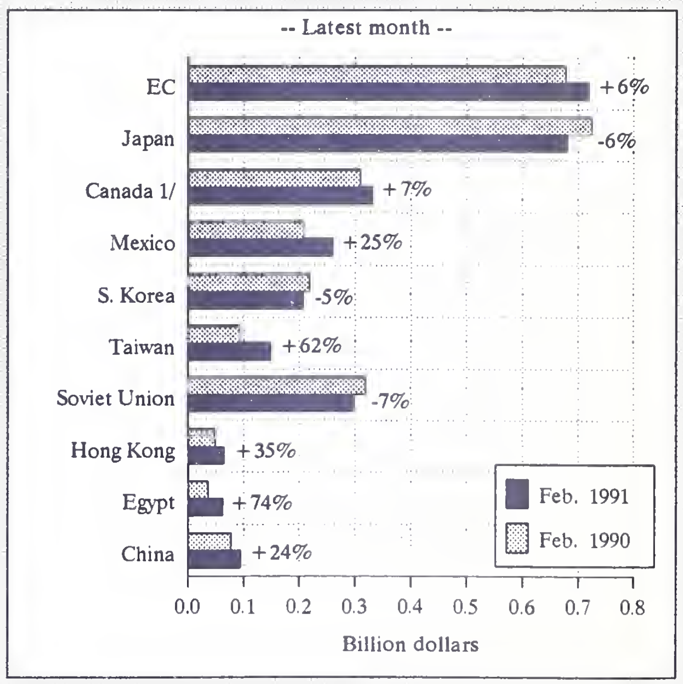
Product Summary





Top Ten Markets Summary





Note: Percentages are computed as the change from a year ago.

1/ U.S. agricultural exports to Canada have been under-reported in past years by about $1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

Agricultural exports in February were unchanged from the year-ago level of $3.5 billion. Stronger exports to Mexico (up $53 million), the EC (up $52 million), and Canada (up $22 million) offset lower exports to other markets. Japan, Iraq, and Yugoslavia were down about $40 million, and Israel, Jordan, the USSR, and Romania were down about $20 million.

Wheat and flour export volume in February was 2.6 million tons, up 4 percent from last year. However, due to substantially lower prices the value of exports was down 38 percent. Export volume to North Africa was up 680,000 tons (an increase of over 650 percent) from last February. Export volume was also strong to the rest of Africa (up 53,000 tons), the Philippines (up 70,000 tons), South Korea (up 50,000 tons), Japan (up 20,000 tons), and Taiwan (up 20,000 tons). These gains offset major declines in exports to the USSR (down 550,000 tons) and the Middle East (down 200,000 tons). So far for fiscal 1991, exports are down 8 percent in volume and 38 percent in value, reflecting large global supplies and sharply lower prices.

Feed grain exports in February were off 6 percent in value to $585 million, and down 3 percent in volume from last February. This was a substantial improvement over early months, as year-to-date exports are down about 35 percent in value and volume. Exports to the USSR of $200 million in February were more than double year-ago levels. This, combined with higher exports to the EC (up $7 million), partially offset continued slow exports to other major markets--Korea (down $46 million), Japan (down $40 million), Eastern Europe (down $32 million), and Mexico and Egypt (down $10 million each).

Exports of *rice* at $68 million in February were unchanged from last year, and for the year-to-date are down $60 million (14 percent). Lower exports to Peru (down $44 million), Iraq (down $42 million), and Mexico (down $27 million) were partially offset by $55 million in purchases by Brazil, which had not purchased any U.S. rice during the first 5 months of fiscal 1990. Prices for fiscal 1991 are down about 13 percent from last year.

Cotton exports in February remained strong, up $80 million (28 percent) from last February. Increased exports in February to China (up $40 million), Egypt ($23 million), and Indonesia ($17 million) have pushed exports so far this year up $200 million from last year. Strong February sales have resulted in China's imports for the year being up 13 percent from last year. Exports are up this year for all major markets except the EC and Canada.

Overall *soybean and products* sales were down 13 percent ($75 million) in February, with soybeans down $46 million, soybean oil down $27 million, and soybean meal roughly unchanged from a year ago. This brings exports for the year to $2.2 billion, down 23 percent from last year. The lack of sales to Pakistan and Yugoslavia accounted for $51 million of the February decline. In February, exports to the USSR, the EC, Israel, Egypt, and Saudi Arabia were down, while exports to Mexico were up $28 million. So far in fiscal 1991, exports to the western hemisphere are up 7 percent from last year. However, sales to most other regions are down, including Asia (off 20 percent), the EC and the USSR (down 25 percent), the Middle East and North Africa (down about 50 percent), and Eastern Europe (down 75 percent).

Livestock exports of $472 million in February were up 15 percent from a year ago. An increase of $25 million (65 percent) in exports to Mexico accounted for 40 percent of February's gain. Exports remained strong in February to Korea (up 35 percent) and Japan (up 10 percent). For the year, livestock exports are $2.4 billion, up 8 percent from last year.

Horticultural exports of $438 million in February were up 19 percent from a year ago. Exports to the EC were $97 million, up 47 percent. Other major markets experiencing increases were Mexico (up 40 percent), Canada (up 7 percent), and Japan and Korea (up 18 percent). Exports for the year are up $540 million, or 30 percent, from a year ago.

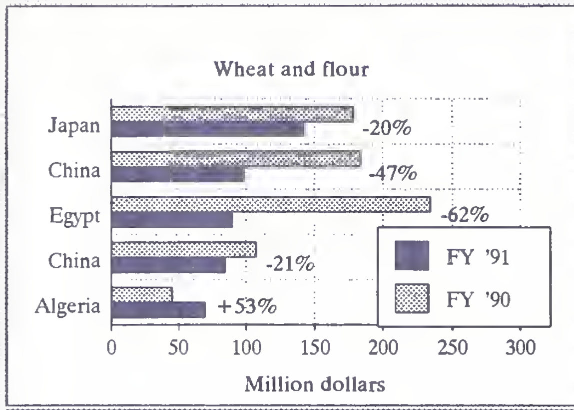
Exports of *unmanufactured tobacco* in February were valued at $99 million, down $47 million from a year ago. Exports to the EC, the largest U.S. market, were off slightly. However, exports to two other major markets were down sharply--Japan down 75 percent and Thailand down 50 percent. For the year, unmanufactured tobacco exports are up 4 percent on slightly higher prices.

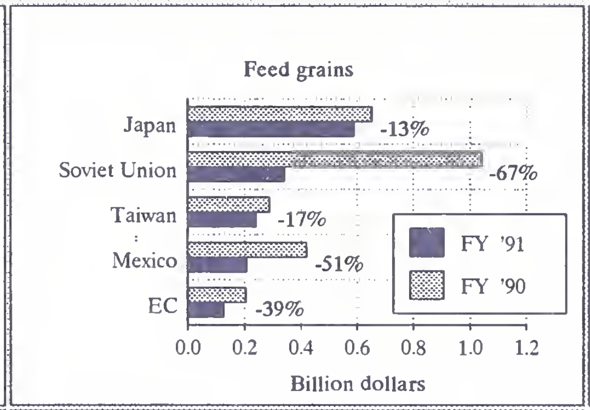
Wood product exports in February were down slightly to $484 million. Moderate gains in exports to Mexico (up $2.4 million), Israel (up $5 million), and Korea (up $4 million) helped to offset substantial declines in exports to the EC (down $21 million) and Canada (down $13 million). Exports of $2.5 billion are unchanged from the same period in fiscal 1990.

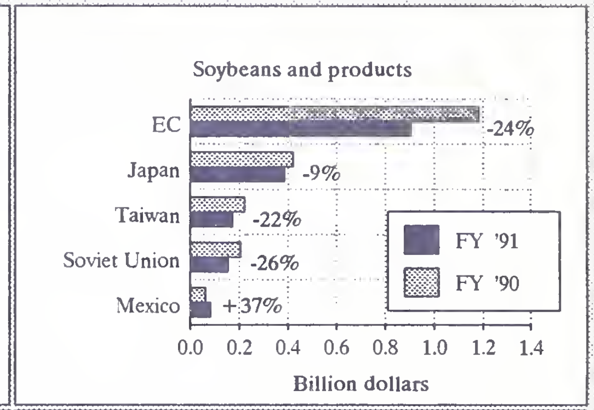
For more information contact James Johnson, (202)382-9522

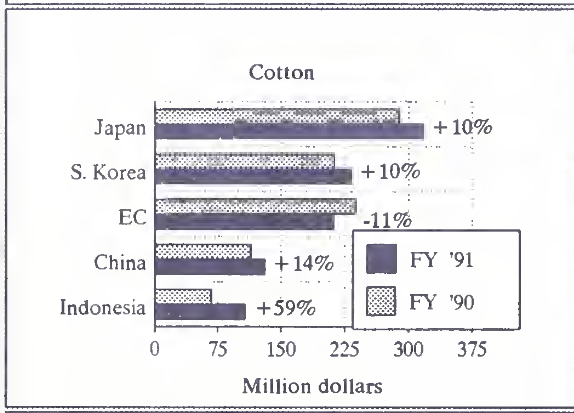
Top Five Markets for Major U.S. Commodities

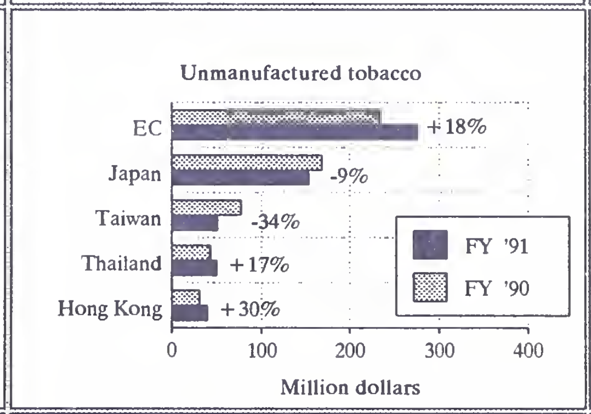
October - February Comparisons

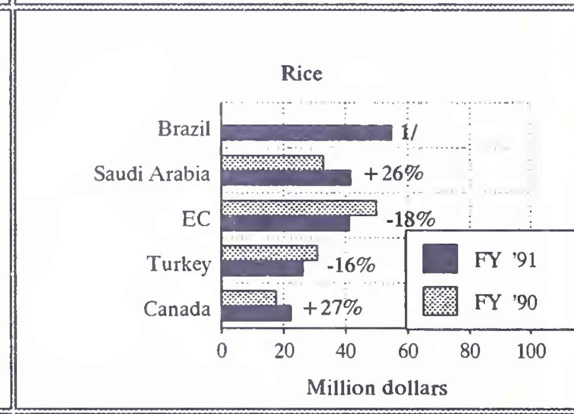


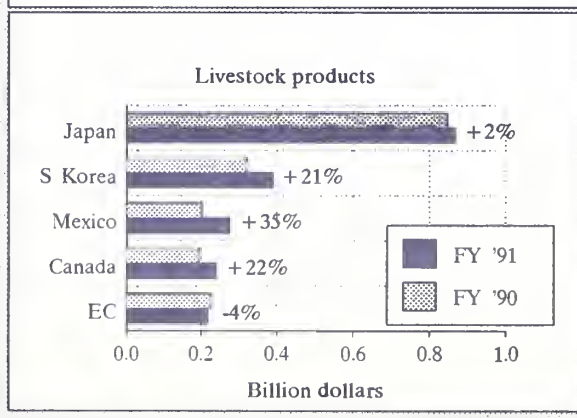


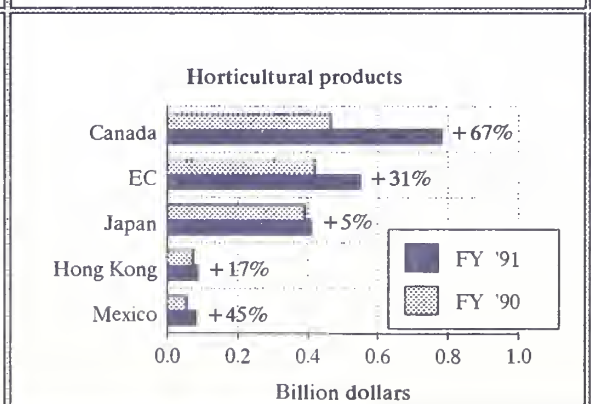


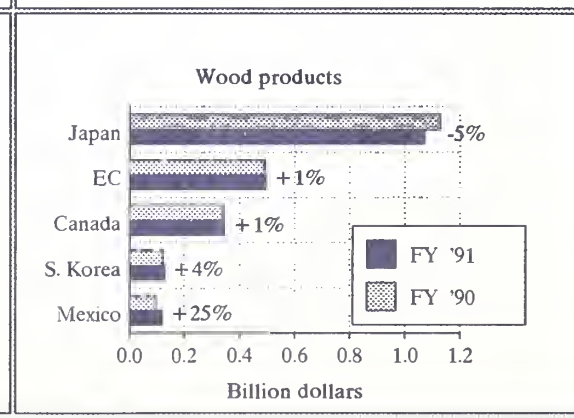












Note: Percentages are computed as the change from fiscal 1990 to fiscal 1991.
1//Negligible exports reported during comparable period last year.

Country Spotlight: Saudi Arabia

Saudi Arabia continues to be a strong market for U.S. agricultural exports. Among all foreign markets, it ranks among the top 15 as a growth prospect for U.S. farm products over the next 5 years. It has actually been among the ten largest markets in 4 of the last 6 months.

U.S. agricultural exports to the Saudi market have grown more than twice as fast from 1986 through 1989 as Saudi purchases from all sources (9 versus 4 percent). However, over this same period, the composition of trade has shifted. The Saudi import market for bulk commodities has shown an annual decline of 1 percent, while U.S. sales have grown at an annual rate of 9 percent for this group. Likewise, American sales of intermediate (semi-processed) goods have surged almost 15 percent a year, versus a 2-percent growth in total Saudi imports. There is some concern, however, in the increasingly important consumer-oriented products group, where overall yearly increases of 7 percent are in marked contrast with annual sales declines of almost 3 percent by U.S. exporters.

The pattern of bulk sales has changed since the mid-1980's. Most of the bulk commodities were wheat, rice, or coarse grains (primarily barley). Wheat sales to Saudi Arabia have declined largely due to Saudi efforts to increase domestic production. Rice purchases have remained fairly steady since the mid-1980's, declining 1.2 percent a year on average. Sales of coarse grains have increased about 20 percent a year since 1986, much of which has gone to increased poultry feed.

The strongest area of growth for the United States has been in the intermediate goods category. On average, sales from the United States in this category have grown at an annual rate of almost 15 percent since 1986, while growth from the world has risen less than 2 percent. The most important growth has occurred in Saudi purchases of planting seeds, which totaled almost $60 million in 1990. Purchases of high-yielding hybrid seeds are consistent with the Saudi aim of greater self sufficiency in food. Soybean meal sales have also grown 9.5 percent a year over the last 5 years.

Saudi consumer-oriented product imports have grown rapidly since the mid-1980's, but the EC has supplied much of the increase. U.S. sales declines in this market are largely due to barriers on product shelf-life. Restrictive shelf-life requirements for processed foods pose problems for distant suppliers in the Saudi market. For example, there is an 18 month limit on canned peaches and fruit cocktail, and a 12-month limit for packed raisins, despite the fact that many canned and other food products have considerably longer shelf lives elsewhere. By the time an U.S. product has been shipped and cleared customs, there is often not enough time left to distribute it to retailers and sell it to consumers. In practice, goods that arrive with less than half the specified shelf-life remaining are denied entry.

To address these concerns, recent arrangements with the Saudi Arabian Standards Organization have increased the opportunity for American exporters to comment on proposed Saudi standards for consumer-oriented products. So far, almost 200 standards have been processed, with U.S. private sector replies on over 100.

Other constraints to growth in U.S. agricultural exports to Saudi Arabia include export subsidies and efficient trade servicing by established competitors, insufficient U.S. product promotion, lack of consumer awareness, high transportation costs, some preferential discrimination, such as purchasing Sudanese sorghum or Pakistani rice, as well as lavish production subsidies. There are stringent health standards, such as requiring an Islamic slaughter certificate in the country of origin (required for all imported red meat and poultry meat products). Additionally, there are detailed labeling requirements in Arabic for product name, net weight, list of ingredients, name and address of manufacturer or packer, country of origin, and production and expiration dates.

This increasingly important market of over 17 million people (which includes foreign workers) is expected to have a population growth of 4.6 million by 1997, with excellent chances for continuing prosperity. However, future prospects of increasing overall market share enjoyed by U.S. agricultural exporters are clouded by concerns about shelf-life requirements, which affect the fastest growing and highest value-added segment of the market--consumer-oriented products.

For more information contact Thomas St. Clair, (202) 382-9521.

February Imports Down $130 Million From Last Year... Leaves Imports To-Date Unchanged From Year Ago

U.S. agricultural imports for February totaled $1.87 billion, down $62 million from January, and down $131 million from last February. This marks the first time in the last 5 months that imports have fallen from the previous month. During the first 5 months of this fiscal year imports have totaled $9.4 billion, unchanged from the same period last year.

Competitive imports for February, totaled $1.4 billion, similar to January's, but down $157 million or 10 percent from year-ago levels. The growth in competitive imports, having leveled off recently, is now slightly below the cumulative totals from the same period last year. Declines in competitive import categories were led by 18 percent drops in both vegetables and dairy products, followed by an 11-percent fall in fruit imports. Notable increases occurred imports of in live animal (up 20 percent), pork (up 16 percent), and wine and beer (up 4 percent).

Lower February juice imports reflect a return to more normal levels.

So far this year, vegetable imports are off 18 percent, or $201 million, from comparable year-ago levels. Import declines of Mexican fresh vegetables totaling $214 million were responsible for the overall drop in this category. Excluding Mexican vegetables, total imports of vegetables actually increased marginally.

Dairy imports have continued to decline, due almost entirely to lower casein imports from the EC. Total fiscal 1991 dairy imports to date have fallen 18 percent, or $72 million, while casein imports from the EC alone have dropped $65 million.

Lower February juice imports--down to $128 million from $270 million in February 1990--indicates a return to more normal conditions after the December 1989 freeze in Florida caused a surge in orange juice imports from Brazil during 1990. Florida orange production has since recovered.

Other increases of note in the competitive import category this year include live animals (up 20 percent), and pork (up 16 percent). Live animal imports this year are up $90 million overall, of which $44 million is from Canada and $49 million from Mexico. Pork imports continue to grow, and are $50 million higher than last year at this time. Virtually all of the increase comes from the EC and Canada, up $30 million and $20 million, respectively.

Noncompetitive imports grew 6 percent from year ago levels, but for the year-to-date are only 1 percent higher than at this time last year. Three categories that increased are, cocoa (up $44 million or 12 percent), spices (up $17 million or 19 percent), and bananas (up $18 million or 5 percent). Of the three categories that showed declines, the only one of note is coffee which declined $48 million, or 5 percent.

For more information, contact Tom Stt. Clair at (202) 382-9521.

U.S. Agricultural Imports by Major Product Sector

February 1991 and Year-to-date Versus Year-ago

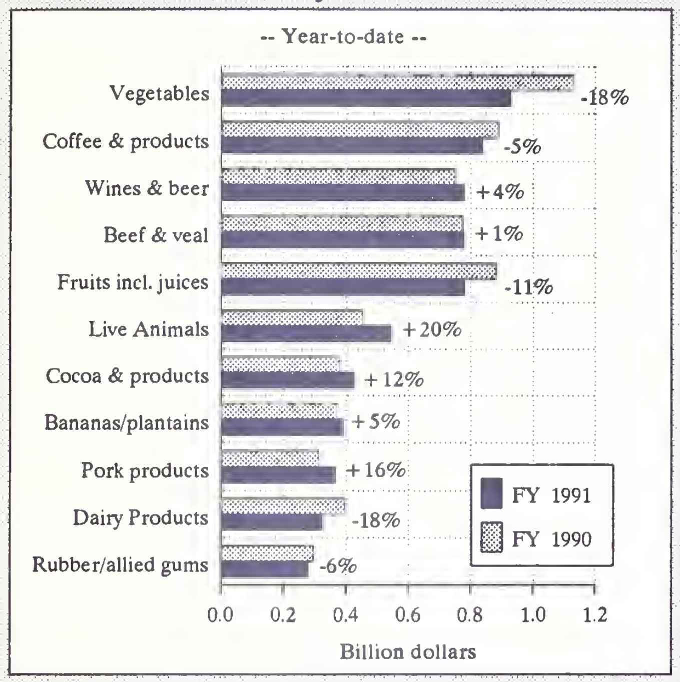
Import Category	Feb 1991	Feb 1990	% Chg	Oct-Feb FY91	Oct-Feb FY90	% Chg
	-- Million $ --					
Total competitive	1,399	1,558	-10%	7,111	7,142	0%
Fruits, incl. juices	195	256	-24%	781	882	-11%
Wines & beer	114	109	5%	779	749	4%
Vegetables	227	337	-33%	929	1,130	-18%
Live Animals	98	96	2%	544	454	20%
Beef & veal	149	157	-6%	777	772	1%
Dairy products	47	63	-26%	325	397	-18%
Pork	60	63	-5%	364	314	16%
Total noncompetitive	468	441	6%	2,309	2,294	1%
Coffee & products	190	187	2%	839	887	-5%
Cocoa & products	80	74	8%	425	381	12%
Bananas/plantains	79	65	22%	388	370	5%
Rubber/allied gums	47	52	-11%	278	297	-6%
Spices	21	13	62%	111	94	19%
Tea	11	12	-4%	58	63	-7%
Total agri. imports	1,867	1,998	-7%	9,420	9,436	0%

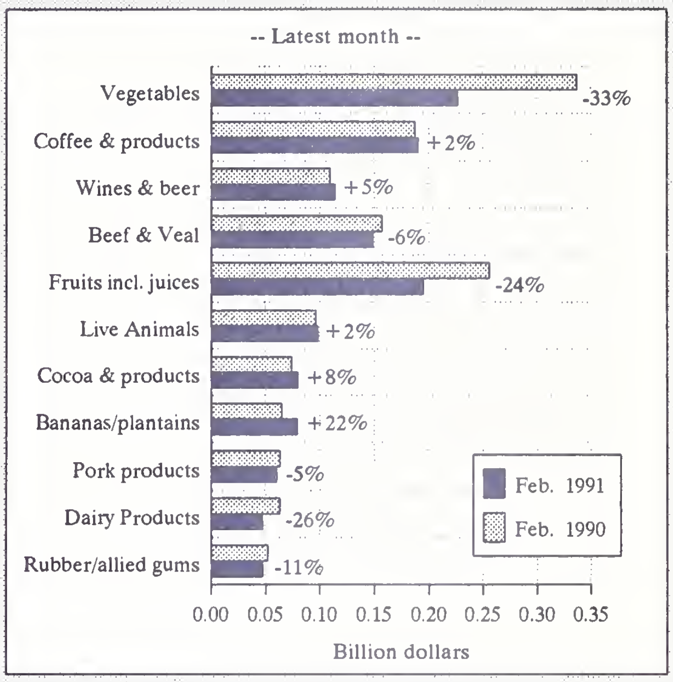
Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools.

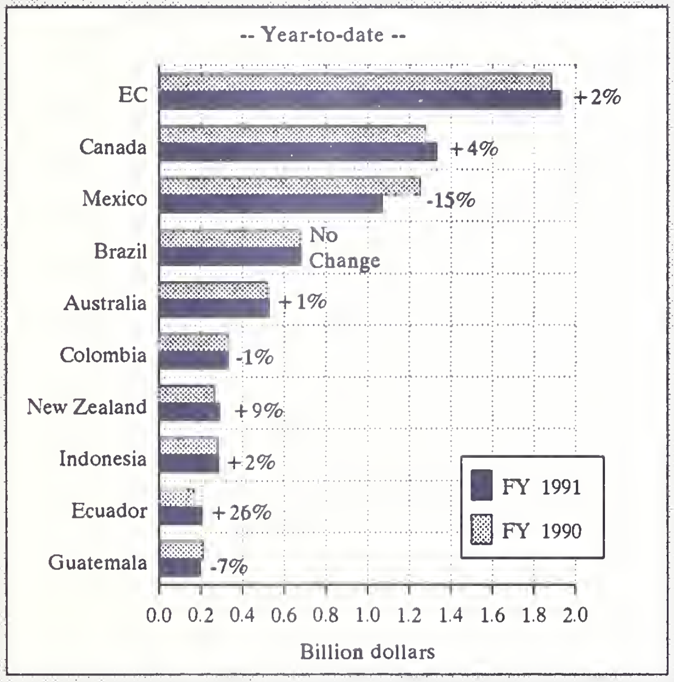
U.S. Agricultural Import Summaries
October-February and Latest Month Comparisons

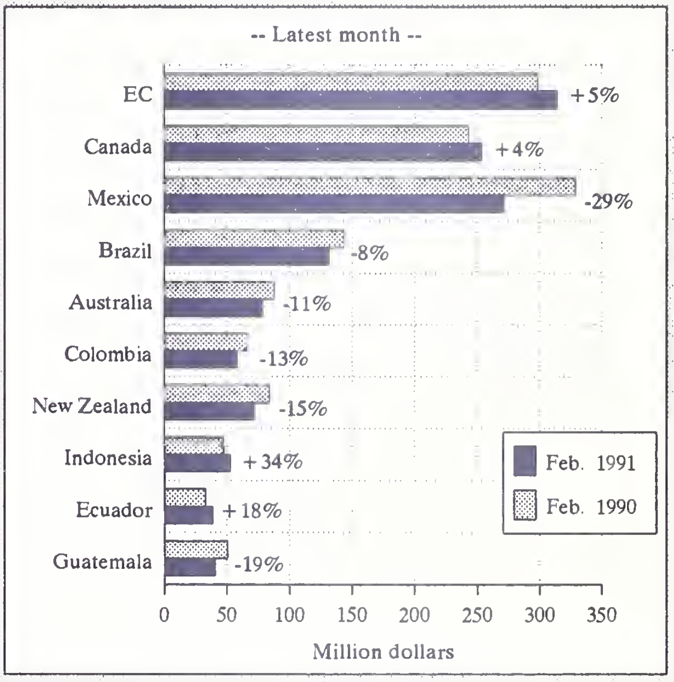
Product Summary





Top Ten Suppliers Summary





Note: Percentages are computed as the change from a year ago.

Trade Policy Updates

Japan Beef/Citrus Quotas Eliminated April 1

Retailers in Japan can now buy beef and oranges directly from foreign suppliers without going through authorized quota holders. This is one of the major benefits of the 1988 U.S.--Japan Beef & Citrus Agreement under which Japan eliminated import quotas for these products, as well as for single-strength orange juice, as of April 1. Japan's quotas were expanded gradually between 1988 and 1991. Beef consumption increased nearly 20 percent, and U.S. sales increased accordingly. The outlook is for expanded business. However, it may take another two years for U.S. export growth rates to reach the 1988-91 levels, because Japan's import tariff rose from 25 percent to 70 percent as of April 1. That tariff will fall to 60 percent in Japanese fiscal 1992 and then down to 50 percent after April 1993, subject to possible further reduction in the Uruguay Round. In the interim, the tariff increase may favor lower-cost suppliers, mainly Australia which currently has 51 percent of the beef import market, versus the United States 43 percent. For oranges, the tariff rate of 40 percent in season and 20 percent out of season has not changed, and represents an important barrier to growth. Finally, orange juice sales have also benefited from the Beef & Citrus Agreement. Frozen concentrated orange juice quotas will be officially lifted April 1, 1992.

White House Announces Trade Enhancement Initiative For East Europe

As part of continuing U.S. assistance to the nascent democracies of East Europe, the Administration announced a Trade Enhancement Initiative (TEI) during Polish President Walesa's recent visit to Washington. The TEI will broaden the scope of an already long and diverse list of U.S. assistance programs to the region, with a focus on East European export expansion. Economic reforms in East Europe are at a critical juncture, and the TEI will seek to complement rather than supplant existing programs. An inter-agency team will travel to Poland, Czechoslovakia, Hungary and Bulgaria to assess internal and external impediments to exports, and will make recommendations to the Trade Policy Review Group (TPRG) by the end of June.

USSR Introduces Retail Price Reform And Compensation Package

Moscow announced price reforms, effective April 2, which will increase the price of many consumer goods, but items such as medicine, energy products, and vodka will be excluded. A compensation package (announced March 20) includes an increase in wages, pensions, and grants. The wage not subject to taxation will rise to 160 rubles a month ($26), and taxes on income over 160 rubles a month will be lowered. Many believe the price reform is defective and will lead to further shortages and inflation.

United States Asks For Extraordinary Challenge Of FTA Panel Ruling

On March 29, the United States requested the formation of an extraordinary challenge committee to review the decision of a U.S.-Canada Free Trade Agreement (FTA) dispute settlement panel. The binational panel had reviewed the determination of the ITC in a case involving imports of pork from Canada, resulting in a reversal of the ITC's determination that subsidized pork imported from Canada threatened to injure U.S. pork products. The extraordinary challenge was requested on March 11 by the U.S. pork industry led by the National Pork Producers Council. Under the United States-Canada FTA, an extraordinary challenge committee made up of three retired federal-level judges will be formed, and that committee is expected to make its decision within 30 days after it is formed. This is the first time an extraordinary challenge has been requested under the United States-Canada FTA.

Dutch Tighten Regulations On Corn By-Products

Dutch Customs has tightened its regulations regarding imports of corn by-products, which has resulted in denial of duty-free entry of at least 4,300 tons of U.S. product. The Dutch action apparently anticipates action on the part of the EC to address concerns over entry of corn germ meal mixtures. U.S. and EC officials have been discussing the latter issue for over 1 year.

...Trade Policy Updates

United States And Canada Announce Further Elimination Of Tariffs

Canadian International Trade Minister Crosbie and U.S. Trade Representative Hills have announced that the Canada - U.S. Trade Commission has agreed to eliminate certain tariffs applying to about $2 billion of two-way trade, ahead of the schedule set out in the United States-Canada Free Trade Agreement (FTA). Pending final approval by the Canadian and U.S. governments, more than 400 products will be affected, including 59 agricultural products. The value of annual bilateral agricultural trade affected is over $750 million, including nearly $444 million of U.S. exports to Canada. This is the second round of accelerated tariff elimination negotiations undertaken by the two countries at industry request, as allowed for under Article 401.5 of the FTA.

EC Bans Imports Of Horse Meat From The United States

On March 22, the EC's Standing Veterinary Committee (SVC) adopted a decision to ban imports of fresh and chilled horse meat from the United States into the EC. The ban is for two months and, in the interim, EC veterinarians will inspect labs in U.S. horse meat slaughterhouse to see that trichina testing is being carried out. The ban follow a French action which restricted the importation of horse meat from the United States because of trichinosis. U.S. exports of horse meat to the EC totaled more than $130 million in 1990.

French Stop Vaccinating Against Foot And Mouth Disease

The French have stopped vaccinating against Foot and Mouth Disease (FMD) as of April 1, 1991 in line with EC aims to stop vaccination by the end of 1991 except in regions where FMD is known to occur. The decision is expected to facilitate French trade within and outside the Community. The United States, Japan, and other countries located in the Pacific Region ban imports of animals and animal products originating from countries which vaccinate against FMD. In the absence of FMD vaccinations, the French plan continuous surveillance at the domestic level, enforcement of sanitary controls on imports, establishment of an emergency action plan in the event of a FMD outbreak, and creation of buy-out fund to dampen the producer impact of any future outbreak of FMD. France has not suffered a FMD outbreak since 1981.

Venezuela Signs Framework Agreement With The United States

On April 8, 1991, Venezuela became the seventh Latin American country to sign a bilateral Trade and Investment Framework Agreement with the United States. The mechanism of Framework Agreements was a key element of the President's Enterprise for the Americas Initiative. The purpose of the framework agreement is to establish a Trade and Investment Council (TIC) to serve as a forum for establishing principles and means for achieving cooperation on trade and investment issues.

Materials Available

- The U.S.-EC Enlargement Agreement (January 1991)
- U.S. Meat Import Law (February 1991)
- U.S. Participation in International Food Shows (January 1991)
- Market Promotion Program (Revised February 1991)
- Compilation of Foreign Countries' Methods to Protect Agriculture and Expand Overseas Markets
- Fast Track Negotiating Authority (March 1991)
- Working Toward a North American Free Trade Agreement (April 1991)

Trade Policy Updates are prepared monthly by The Trade Assistance and Planning Office, International Trade Policy, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of Fact Sheets and reports listed above to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 756-6001. FAX: (703) 756-6124.

Market Updates

India Becoming Significant Wheat Exporter Despite Problems With Wheat Loan To Soviets

In December 1990, India announced its plan to lend 1 million tons of wheat to the Soviet Union. Execution of the wheat loan has been delayed due to shipping difficulties, leading to speculation the deal may not be consummated. However, trade sources indicate that India has exported and/or sold over 1 million tons of wheat to Jordan, North Korea and other countries in recent months, and further sales are expected in the April-March 1991/92 marketing year. This represents a major reversal in India's recent trade picture. India imported more than 2 million tons of wheat in 1988/89 due to severe drought in 1987.

Japanese Retailers Drop Beef Prices

Two leading Japanese supermarket chains said that they will reduce imported beef prices by 20-30 percent beginning the last week in March. This is a reaction to consumers' expectations that the impending beef liberalization on April 1, 1991, will force beef prices down. Retailers have been preparing for this beef promotion campaign for several months by increasing their stocks of selected cuts. Despite this apparent good news, it remains to be seen whether or not this price drop will be sustained longer than 3-4 months.

EC Sells Beef To Brazil At $700/Ton

The sale of 100,000 tons of EC beef to Brazil has been confirmed by the president of the Brazilian National Food Company. The beef is slated for delivery in May, June, and July. The sale price was reportedly 485 ECU (about $700/ton). However, the landed price including freight costs, port taxes, and other fees, but excluding the usual 20 percent duty, will be $1,000-1,200/ton. The total value of the sale will be close to $120 million of which $100 million will be financed with 180-day credit, reportedly by European meat packers. The Brazilian producers are complaining about the subsidized purchase, which they claim will enter at a price closer to $887/ton. However, the National Food Company president argues that this deal does not violate the concept of "predatory competition" used by the Government of Brazil to avoid subsidized imports.

EC Lowers Special USSR Butter Restitution

The EC Commission cut the special export restitution for butter sales to the USSR from 212 ECU/cwt (introduced in January 1991) to 198 ECU/cwt in a surprise move only two days before the March 14, 1991, dairy management committee meeting. There appears to have been no prior consultation and little, if any, explanation for the change. A strengthening of the dollar could be part of the reason. EC export restitutions do not apply to the sales from intervention, which are to take place by tender, so the cut in the restitution will affect only the balance to be supplied from private storage stocks or the open market.

Mexico's Beef Shortage Expected To Be Solved With U.S. Beef Imports

Mexico City faces a significant upward pressure upon red meat prices due to the seasonal beef shortage during the first months of the new year. High feeder cattle exports to the United States in 1990 are aggravating the problem. Mexico now forecasts to import U.S. beef carcasses in early April 1991 to meet higher beef demand after Lent ends. The Government of Mexico, through the Secretariats of Commerce and Industrial Development and Agriculture, the National Livestock Association (CNG), and Live Cattle Middlemen, has agreed to solve the beef shortage problem which affects basically the Mexico City market. The CNG will continue to be the main importer of U.S. carcasses. Beef suppliers and middlemen agreed to normalize the flow of domestic live cattle for slaughter from southern Mexico beginning the second week of April 1991.

...Market Updates

Turkey's Expanded Cigarette Production Should Increase U.S. Exports Of Tobacco

Tekel (Turkey's tobacco monopoly) is planning to expand production of its TEKEL 2000 cigarette (an American-blend cigarette). Production is expected to reach 10,000 tons this year. Increased production of TEKEL 2000 should drive up TEKEL's demand for U.S. flue-cured and burley tobaccos. Imports of U.S. leaf by Turkey rose from 1,000 tons in 1988 to about 4,500 tons in 1990.

Brazil Suspends Coffee Export Registrations

The Brazilian Government suspended all coffee export registrations on March 21 for an indefinite period while it studies a possible return to economic clauses of the International Coffee Agreement (ICA). This unexpected development caused brief chaos in world coffee markets the following day as traders tried to analyze the implications of this action. On March 27, the government announced that all registrations made on March 21 would be canceled, as preliminary studies conducted by a special investigative group found indications of abnormal trading prior to the suspension. The Brazilian Government has indicated that export registrations will likely be resumed shortly, but only on a month-to-month basis, rather than as much as 1 year ahead.

The return to export quotas under the ICA appears highly unlikely this year, as the principal reasons for the suspension of the economic clauses of the ICA in July 1989 still remain unresolved; these include sales to non-members at discount prices, quota shares, and the availability of the types and qualities of coffee required by consumers.

Italy Sells Soybean Oil To The Soviet Union

Trade sources report that Italy has sold 100,000 tons of soybean oil to the Soviet Union under credit provided by the Italian Government. The soybean oil is to be delivered during May-December 1991. Prices will be set 30 days before shipment, based on Rotterdam soybean oil quotes. Italy is not a large traditional supplier of soybean oil to the Soviet Union, and this quantity would exceed Italy's normal total annual exports to all destinations.

Eximbank Credit Guarantee Program Available For Poultry To Kuwait

Short-term credit guarantees for exporting poultry to Kuwait are currently available under a special program established by the Export-Import Bank (Eximbank) of the United States. The Eximbank expects the program to be implemented by means of guarantees or insurance on general lines of credit extended by commercial banks in the United States and elsewhere to qualified banks in Kuwait. From 1986 through 1990, the United States exported an average of 1,160 tons of broiler meat annually to Kuwait. From January through July 1990, the United States exported 1,765 tons of broiler meat to Kuwait valued at $0.2 million.

Vietnamese And Malaysian Rice Barter Agreement

Vietnam has entered a rice barter deal with Malaysia which could send 100,000 - 200,000 tons of Vietnamese rice to Malaysia, in exchange for an equivalent volume of fertilizers. This deal is unprecedented in terms of its magnitude, and would represent a sizable percentage of Malaysia's unusually large rice import needs for 1991. This barter would help reduce Malaysia's total dependency on Thai rice, which in turn might free some additional Thai rice to compete with U.S. rice.

Bringing Home The Bacon

Korea issued its first tender to import 1,500 tons of pork through the Livestock Products Marketing Organization (LPMO). The LPMO has never imported anything other than beef since being established by the Korean Government in 1988. Korean per capita pork consumption in 1990 was 10.2 kilograms, all from domestic production. Korea has imported small amounts of pork in the past but only as a temporary measure to keep domestic prices down.

...Market Updates

In Japan Chilled Beef Is The Order Of The Day

U.S. meat packers are reporting that chilled beef orders are booming. Increased demand is attributed in part to the large-scale beef promotion campaigns by Japanese retailers. Currently, Australia dominates the chilled beef trade in Japan, exporting two to three times current U.S. chilled export levels. However, U.S. packers are making significant inroads into this market segment by entering into long-term contract with large Japanese supermarkets and adapting their products to the Japanese market. Chilled beef will continue to show the largest growth among all beef product imports throughout 1991. Appearance is everything in retailing beef in Japan.

Follow-up Meetings Wood Products Super 301

Follow-up meetings, as required by the Super 301 Agreement with Japan on wood products, were held in Tokyo the week of March 25, 1991. Officials of the Ministry of Construction and the Ministry of Agriculture, Forestry and Fisheries, renewed their pledge to implement the Agreement. FAS's concern focuses upon Japan's commitment to meet the spirit as well as the letter of the Agreement. The details of the actions they will take in implementing the Agreement will have a significant effect on increasing market access and expanding wood use in Japan. FAS made a number of proposals to ensure participation of U.S. experts in the key code and standards setting processes.

Peru Imposes Tariff Surcharges For Agricultural Goods

On March 21, 1991, two decrees were announced that established import surcharges for 11 agricultural products. President Fujimori had announced earlier that he would provide additional protection for Peruvian agriculture by imposing variable levies to offset foreign subsidies and dumping of agricultural products. The two new decrees appear to meet the President's requirements by establishing the concept of surcharges and by setting the surcharge amounts. The new levies are billed as "countervailing surtaxes" with the specific surcharge amounts added to the 15 percent ad valorem tariff established under the supposedly liberalized tariff schedule of March 12, 1991.

Mysterious Swine Disease Spreads Into Belgium

The mysterious reproductive syndrome (MRS), reported earlier in the Netherlands and Germany, has now been reported on 10 Belgian farms and suspected on another 30. The affected farms are located in Flanders, close to the Dutch border, and it is supposed that the disease was wind-borne from the Netherlands. The Netherlands has recorded 830 and Germany 2,187 outbreaks of MRS so far. The fact that the symptomatology of MRS in Belgium is somewhat different from that of the Netherlands and Germany indicates that the disease agent is highly mutant. But in all cases, the disease is relatively similar to classical swine fever in the early stage of an outbreak, and results in very high death rates of piglets.

Final $33 Million Allocated In FY 91 GSM-102 Credit Guarantees To Soviet Union

On March 27, the amount of credit guarantees available in connection with sales of U.S. agricultural commodities to the Soviet Union increased by $33 million, from $967 million to $1 billion, under the fiscal 1991 Soviet GSM-102 program. The final $33 million was allocated to the feed grains (barley, corn, sorghum and oats) credit line, increasing the total credit guarantees for feed grains to $563 million from $530 million. Most of the previously announced $967 million has been registered.

For more information, contact Emiko Miyasaka (202) 382-9054.

U.S. Agricultural Exports by Major Commodity Group

Monthly & Annual Performance Indicators Including Fiscal 1991 Forecasts

	February			Year-to-Date Oct-Feb	Oct-Feb		Fiscal Year		
	1990	1991		1989-1990	1990-1991		1990	1991(f)	
	--Bil.$--		Change	--Bil.$--		Change	--Bil.$--		Change
Grains & feeds 1/	1.307	1.157	-12%	7.205	5.255	-27%	16.019	12.6	-21%
Wheat	0.387	0.236	-39%	1.802	1.106	-39%	4.224	2.9	-31%
Wheat flour	0.015	0.014	-5%	0.099	0.067	-32%	0.202	0.1	-50%
Rice	0.068	0.068	0%	0.414	0.354	-14%	0.830	0.7	-16%
Feed grains 2/	0.625	0.585	-6%	3.716	2.395	-36%	7.962	6.0	-25%
Corn	0.528	0.510	-3%	3.251	2.038	-37%	6.929	5.2	-25%
Feeds & fodders	0.135	0.162	20%	0.758	0.805	6%	1.812	NA	NA
Oilseeds & products	0.672	0.623	-7%	3.254	2.633	-19%	6.253	5.6	-10%
Soybeans	0.457	0.412	-10%	2.255	1.707	-24%	3.939	3.5	-11%
Soybean meal	0.113	0.110	-2%	0.474	0.425	-10%	0.990	0.9	-9%
Soybean oil	0.031	0.004	-88%	0.120	0.054	-55%	0.339	0.3	-12%
Other vegetable oils	0.027	0.037	40%	0.156	0.174	11%	0.394	NA	NA
Livestock products	0.415	0.477	15%	2.222	2.408	8%	5.418	5.5	2%
Red meats	0.173	0.238	38%	0.860	1.056	23%	2.181	NA	NA
Hides & Skins	0.142	0.130	-8%	0.716	0.648	-9%	0.468	NA	NA
Poultry products	0.077	0.082	6%	0.329	0.404	23%	0.856	0.9	5%
Poultry meat	0.057	0.059	4%	0.239	0.296	24%	0.624	NA	NA
Dairy products	0.033	0.028	-16%	0.143	0.114	-20%	0.342	0.4	17%
Horticultural products	0.378	0.451	19%	1.898	2.460	30%	5.154	5.5	7%
Unmanufactured tobacco	0.146	0.099	-32%	0.666	0.695	4%	1.373	1.4	2%
Cotton & linters	0.283	0.362	28%	1.219	1.420	16%	2.719	3.0	10%
Planting seeds	0.069	0.073	6%	0.318	0.340	7%	0.580	0.6	0%
Sugar & tropical products	0.118	0.137	16%	0.584	0.709	21%	1.401	1.5	7%
Forest Products 4/	0.514	0.484	-6%	2.568	2.536	-1%	6.431	NA	NA
Total Ag. export value	3.497	3.488	0%	17.84	16.440	-8%	40.12	37.0	-8%
	--MMT-		Change	--MMT--		Change	--MMT-		Change
Grains & feeds 1/	9.132	9.269	2%	51.487	39.972	-22%	113.555	NA	NA
Wheat	2.399	2.485	4%	11.093	10.204	-8%	28.095	26.5	-6%
Wheat flour	0.061	0.074	21%	0.430	0.349	-19%	0.88	1.0	14%
Rice	0.202	0.229	14%	1.255	1.239	-1%	2.502	2.4	-4%
Feed grains 2/	5.519	5.344	-3%	33.320	22.362	-33%	69.031	54.8	-21%
Corn	4.659	4.644	0%	29.177	18.922	-35%	59.878	47.3	-21%
Feeds & fodders	0.822	0.952	16%	4.598	4.844	5%	11.065	11.5	4%
Oilseeds & products	2.728	2.527	-7%	13.042	10.311	-21%	24.046	NA	NA
Soybeans	2.038	1.806	-11%	10.003	7.406	-26%	17.217	15.4	-11%
Soybean meal	0.511	0.542	6%	2.129	2.054	-4%	4.558	4.5	-1%
Soybean oil	0.062	0.005	-91%	0.247	0.082	-67%	0.614	0.5	-19%
Other vegetable oils	0.046	0.058	26%	0.262	0.267	2%	0.618	NA	NA
Livestock products 3/	0.168	0.170	1%	0.998	0.897	-10%	2.381	NA	NA
Red meats	0.051	0.067	32%	0.295	0.307	4%	0.676	0.7	4%
Poultry products 3/	0.054	0.050	-7%	0.221	0.272	23%	0.564	NA	NA
Poultry meat	0.053	0.048	-9%	0.215	0.260	21%	0.56	0.6	7%
Dairy products 3/	0.019	0.020	4%	0.084	0.071	-15%	0.214	NA	NA
Horticultural products 3/	0.339	0.385	14%	1.713	2.185	28%	4.565	5.0	10%
Unmanufactured tobacco	0.024	0.017	-30%	0.112	0.110	-2%	0.22	0.2	-9%
Cotton & linters	0.179	0.221	24%	0.759	0.856	13%	1.703	1.8	6%
Planting seeds	0.052	0.056	6%	0.243	0.230	-5%	0.578	NA	NA
Sugar & tropical products 3/	0.075	0.132	76%	0.348	0.509	46%	0.921	NA	NA
Total Ag. export volume 3/	12.770	12.848	1%	69.007	55.413	-20%	148.749	131.0	-12%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note--1991 forecasts are taken from "Outlook for U.S. Agricultural Exports", Feb. 27, 1990.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators

	February 1990	February 1991	Chg	Year to Date Oct-Feb 1989-90	Year to Date Oct-Feb 1990-91	Chg	Fiscal Year 1990	Fiscal Year 1991(f)	Chg
	--Bil.$--			--Bil.$--			--Bil.$--		
Western Europe	0.703	0.765	9%	3.795	3.772	-1%	7.289	7.3	0%
European Community 1/	0.667	0.719	8%	3.571	3.535	-1%	6.796	6.8	0%
Other Western Europe	0.036	0.046	27%	0.224	0.237	6%	0.493	0.5	1%
Eastern Europe	0.086	0.039	-55%	0.229	0.175	-24%	0.519	0.5	-4%
Soviet Union	0.319	0.298	-7%	1.493	0.580	-61%	2.938	1.6	-46%
Asia	1.336	1.331	0%	6.979	6.477	-7%	16.102	14.8	-8%
Japan	0.725	0.682	-6%	3.519	3.403	-3%	8.075	7.9	-2%
China	0.077	0.095	24%	0.390	0.261	-33%	0.909	0.7	-23%
Other East Asia	0.358	0.421	18%	2.237	2.080	-7%	5.204	4.6	-12%
Taiwan	0.092	0.149	62%	0.844	0.736	-13%	1.816	1.6	-12%
South Korea	0.218	0.207	-5%	1.125	1.011	-10%	2.702	2.3	-15%
Hong Kong	0.048	0.065	35%	0.267	0.333	25%	0.685	0.7	2%
Other Asia	0.172	0.131	-24%	0.825	0.716	-13%	1.915	1.7	-11%
Pakistan	0.042	0.001	-97%	0.202	0.060	-70%	0.391	0.2	-49%
Philippines	0.027	0.027	-1%	0.132	0.158	20%	0.351	0.4	14%
Middle East	0.206	0.099	-52%	0.906	0.567	-37%	1.928	1.8	-7%
Iraq	0.043	0.000	-100%	0.250	0.000	-100%	0.491	0.0	-100%
Saudi Arabia	0.038	0.036	-4%	0.191	0.225	18%	0.447	0.6	34%
Africa	0.123	0.168	36%	0.832	0.792	-5%	1.914	1.7	-11%
North Africa	0.089	0.129	45%	0.663	0.609	-8%	1.437	1.3	-10%
Egypt	0.036	0.062	74%	0.346	0.314	-9%	0.740	0.7	-5%
Algeria	0.045	0.054	19%	0.190	0.206	8%	0.423	0.5	18%
Sub Saharan Africa	0.034	0.039	14%	0.169	0.182	8%	0.478	0.4	-16%
Latin America	0.705	0.763	8%	3.358	3.856	15%	8.848	5.0	-43%
Mexico	0.208	0.260	25%	1.133	1.094	-3%	2.662	2.5	-6%
Other Latin America	0.189	0.172	-9%	1.055	1.073	2%	2.480	2.5	1%
Brazil	0.005	0.013	139%	0.048	0.137	187%	0.104	0.2	92%
Venezuela	0.027	0.018	-33%	0.108	0.115	7%	0.346	0.4	16%
Canada*	0.309	0.331	7%	1.169	1.689	44%	3.707	4.0	8%
Oceania	0.022	0.028	29%	0.127	0.157	24%	0.304	0.3	-1%
World Total	3.497	3.488	0%	17.839	16.440	-8%	40.122	37.0	-8%

**Prior to 1990, it is estimated that U.S. agricultural exports to Canada as reported by the Bureau of the Census were understated. Data prior to January 1990 have not been adjusted.*
1/ Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 4/23/91	Month ago	Year ago
Wheat (c.i.f. Rotterdam) 2/			
Canadian No. 1 CWRS 13.5%	155	151	196
U.S. No. 2 DNS 15 %	149	146	175
U.S. No. 2 SRW	141	139	150
U.S. No. 3 HAD	152	152	188
Canadian No. 1 durum	159	156	191
Feed Grains (c.i.f. Rotterdam) 2/			
U.S. No. 3 yellow corn	NQ	131	138
Soybeans and Meal (c.i.f. Rotterdam) 2/			
U.S. No. 2 yellow soybeans	244	239	253
U.S. 44 % soybean meal	NQ	NQ	NQ
Brazil 48 % soy pellets	202	192	200
U.S. Farm Prices 3/ 4/			
Wheat	95	94	130
Barley	80	79	82
Corn	97	93	100
Sorghum	86	88	87
Broiler 5/	1,202	1,141	1,209
Soybeans 6/	223	214	211
EC Import Levies			
Common wheat	194	225	113
Durum wheat	227	240	153
Barley	173	187	107
Corn	156	165	108
Sorghum	162	180	114
Broilers	466	466	280
EC Intervention Prices 7/			
Premium Wheat	214	223	152
Common Wheat	211	218	150
Feed Wheat	200	208	142
Maize	211	218	150
Barley	200	208	142
Sorghum	200	208	142
Broilers 9/	1,367	1,367	941
EC Export Restitution (subsidies) 8/			
Common wheat	128	129	74
Barley	124	123	71
Broilers	422	422	296

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in $/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for/f nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in $/metric ton: wheat, $147; barley, $108; corn, $107; sorghum, $103. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates; (*) denotes no award given since the previous month. 9/ "Sluice-gate" price.

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